

Explanation of Cost List Terminology

UNIT TYPE: The practice unit is stated in the practice standard and can not be changed. Components do not have to be the same as the practice units. However, for program cost-shared lists a grouping of components used to calculate the practice cost will be used. The units shall remain the same as stated in the practice standard.

UNIT COST: The cost per unit established for the component for the program, this may be an established cost, an average cost, a maximum cost, etc. (see Cost Share Type)

COST SHARE TYPE: Designates one of several methods of cost sharing set up in the programs.

EQIP Program List

Practice Code	Practice Name	Component	Unit Type	Unit Cost	Cost Type	Base Share Rate	Remarks
560	Access Road (One-Way)	Gravel	ft.	\$12.00	AA	50%	
596	Agrichemical Handling Facility	Roofed	no.	\$40,000	AM	50%	Can not exceed \$20,000-TOTAL
666	Forest Stand Improvement		ac.	\$150.00	AC	50%	
612	Tree/Shrub Establishment	Planting w/out shelters	ac.	\$600.00	FR	100%	

AA (Actual cost not to exceed Average cost) - payment is based on actual bills for materials and services which may fall below (and can not exceed) the established average cost is adjusted at the *local level*.

-Example: EQIP Program List 560 Access road

The practice actually costs the farmer \$15.00. What value do I use in the contract? Answer: \$12.00 cost-shared at 50% = \$6.00 per ft. to the farmer.

-Example: EQIP Program List 560 Access road

The practice actually costs the farmer \$10.00. What value do I use in the contract? Answer: \$10.00 cost-shared at 50% = \$5.00 per ft. to the farmer.

AC (Average Cost) - payment is based on average cost. Average costs are derived from actual cost data (bills), suppliers, component data, and then averaged for the specific component or practice and is adjusted at the *local level but not changed for individuals*. Average cost times percent cost-share equals producer payment.

-Example: EQIP Program List 666 Forest Stand Improvement

The practice actually costs the farmer \$200.00. What value do I use in the contract? Answer: \$150.00 cost-shared at 50% = \$75.00 per acre to the farmer.

-Example: EQIP Program List 666 Forest Stand Improvement

The practice actually costs the farmer \$100.00. What value do I use in the contract? Answer: \$150.00 cost-shared at 50% = \$75.00 per acre to the farmer.

AM (Actual cost not to exceed a specified Maximum cost) - payment is based on actual bills for materials and services, however, regardless of costs the payment can not exceed the maximum allowable cost share which set at the *state level*. Maximums that have been established are noted in the remarks column of the cost list. Actual cost times percent cost share rate equals producer payment.

-Example: EQIP Program List 596 Agrichemical Handling Facility

The practice actually costs the farmer \$15,000.00. What value do I use in the contract? Answer: \$15,000.00 cost-shared at 50% = \$7,500.00 to the farmer.

FR (Flat Rate) - payment is based on an established flat rate which may or may not be based on actual cost data or represent an average cost for carrying out the component and is set at the *state level*.

-Example: EQIP Program List 612 Tree/Shrub Establishment

The practice actually costs the farmer \$1,500.00. What value do I use in the contract? Answer: \$600.00 per ac. to the farmer.

COST SHARE RATE: The cost share percentage established under the program guidelines. Note: Cost share rate may be adjusted for individual situations in some programs by the Program Manager.